

26/5/2017

BEGROTING 2017/18

2017/18 TO 2019/20

MEDIUM TERMYN

INKOMSTE EN UITGAWE
VOORUITSKATTINGS

May 2017

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AFDELING 1 – JAARLIKSE BEGROTING

1.1 BURGEMEESTERSVERSLAG

Raadslede, Amptenare, Dames en Here

Die opstel van die begroting begin soos in terme van artikel 21(1)(b) van die MFMA no 56 van 2003 reeds tien maande voor die aanvang van die finansiële jaar waarop die begroting van toepassing gaan wees. Dit is 'n uiters belangrike aangeleentheid wat die aandag van al die raadslede, amptenare, maar veral die inwoners van Karoo Hoogland, vereis. Dit is ook belangrik aangesien daar aan wetgewing en voorskrifte soos deur die Nasionale Tesourie voldoen moet word.

Die Munisipaliteit het veral die afgelope maande verskeie begrotings en GOP gemeenskaps vergaderings gehou op elke dorp in Karoo-Hoogland. In sommige dorpe was die opkoms redelik maar oor die algemeen ietwat teleurstellend. Alle Raadslede het waar moontlik die vergaderings bygewoon en die insette van die gemeenskappe was dan oorweeg vir insluiting in die begroting en GOP.

Die begroting wat aan u voorgelê word is opgestel met inagneming van die volgende wetgewing en omsendbriewe:

MFMA no 56 van 2003

Begrotingsomsendbriewe no 85,86

Alle vorige omsendbriewe van Nasionale Tesourie wat op die begroting van toepassing is

NERSA se omsendbriewe en voorgestelde tarief verhogings

SALGA omsendbriewe met betrekking tot die koste van amptenare en raadslede

DORA (Vervat die inkomste toekennings aan Munisipaliteite)

En ander minder belangrike wetgewing

Ek wil elkeen verseker dat die begroting 'n resultaat van baie ure se sorgvuldige oorweging, toegepaste kennis, versigtige beplanning maar veral ook baie harde werk was. Soos in die verlede is die begroting die resultaat van die gekombineerde vaardighede van die Raad en Amptenare, met die uitsluitlike doel om binne die finansiële raamwerk van die Munisipaliteit in te pas.

Die ekonomiese agtergrond waarteen die begroting opgestel is om die minste te sê uiters onseker. Daar is duidelike tekens dat die ekonomie agteruitgegaan het sedert die vorige begroting en oral oor is besighede aan die kwyn met die gevolg dat werksgeleenthede drasties afgeneem het. Die bruto binnelandse produk van Suid-Afrika is laer ge-hersien en dit blyk ook dat hierdie tendens gaan voort duur vir die komende nabye toekoms. Die verslapping in die ekonomiese groei vanaf 2012 het uiteraard groter stremminge geplaas op die binnelandse ekonomie wat dan die lewensgehalte van die meeste Suid-Afrikaners negatief beïnvloed het.

Raadslede, soos in die vorige jaar se verslag, moet ek egter by herhaling u aandag daarop vestig dat *bekostigbaarheid* steeds die deurslaggewende faktor is wanneer projekte aanvaar of agterweë gelaat word.

Die werklike behoeftes van die gemeenskappe is egter andermaal met empatie, toewyding en omsigtigheid benader, want dames en here, hierdie Raad gee om vir sy inwoners en gemeenskappe. Desnieteenstaande, bly groot agterstande en wyd uiteenlopende behoeftes, weens 'n gebrek aan die nodige finansies, steeds die realiteit en vir ons 'n enorme knelpunt en 'n voortdurende uitdaging.

GEINTREGREERDE ONTWIKKELINGS PLAN (GOP)

GOP Oorsig:

Die GOP en begroting van die Munisipaliteit soos aan u voorgelê loop hand aan hand. In die geval van Karoo Hoogland ondervind die munisipaliteit in sommige gevalle, uiterste armoede en die onvermoë van verbruikers om vir basiese dienste te kan betaal. Dit is 'n realiteit waarmee die Munisipaliteit moet saam leef maar terselfertyd ook sy mandaat as diensleweraar aan die gemeenskappe moet handhaaf.

Die finansiële posisie van die Munisipaliteit laat ook egter nie toe dat projekte uit eie fondse gefinansier kan word nie en daarom kan daar nie altyd in die behoeftes van die gemeenskappe voldoen word nie. Om die rede is die GOP gedeeltelik gefinansier uit die Raad se eie fondse. Projekte sal dus net uitgevoer kan word indien eksterne fondse bekom kan word om sulke

projekte te finansier. Die kapitaal projekte word dus hoofsaaklik uit infrastruktuur toekennings van die Regering gefinansier.

Raadslede, dames en here, die GOP dui rigting aan waarna die Munisipaliteit oppad is. Dit is die plig van elke amptenaar en raadslid om toe te sien dat die GOP ter uitvoering gebring word om ons gemeenskappe te bevorder en die kwaliteit van die lewensgehalte van ons mense op te hef. Dit is dan ook die rede waarom hierdie dokument ten minste jaarliks hersien en aangepas word om te verseker dat die Munisipaliteit in die veranderde behoeftes van sy mense te kan voorsien.

KAPITAAL BEGROTING

Almal teenwoordig, soos reeds genoem, weens die finansiële posisie van Karoo Hoogland Munisipaliteit was dit weereens onmoontlik om enige projekte deur middel van interne fondse te finansier. Karoo Hoogland is aangewese op regerings toekennings vir projekte. en in die lig is fondse goedgekeur. Die volgende projekte is reeds by die MIG kantore geregistreer en behels die volgende, Plaveil van strate te Williston ten bedrae van R 821 950.00, Sutherland Stormwater ten bedrae van R 120 000.00, Sutherland Bulk Water ten bedrae van R 6.58 Mil en dan Sutherland Sportvelde ten bedrae van R 1 225 050.00. Totale kapitale begroting is dus R 8 145 000.00

Dit is egter ook kommerwekkend dat ingevolge Omsendbrief 75 van Nasionale Tesourie wat dit omonwonde stel dat die infrastruktuur regerings toekennings oor die volgende jare gaan verlangsaam en daarom sal die munisipaliteite meer uit eie fondse in die toekoms tot kapitale ontwikkeling moet bydra.

BEDRYFSBEGROTING**Oorsig en tariewe:**

Waar daar in die verlede geweldige druk op die begroting was, kon die Raad vanjaar daarin slaag om 'n begroting daar te stel wat self finansierend is. Dit word weerspieel in die A1 skedules en spesifiek die "SA10" skedule. Die ommeswaai is te wyte aan die drastiese inperking van uitgawes veral in die salarisse komponent in die huidige begroting. Dit is verder belangrik dat die begroting wanneer geïmplementeer dan op 'n daaglikse basis gemonitor moet word om oor-besteding te voorkom. Aan die inkomste kant van die begroting moet amptenare die goedgekeurde beleid effektief en konsekwent toepas om te verseker dat die begrote inkomste wel realiseer. Raadslede moet die verbruikers aanmoedig om vir dienste te betaal en daadwerklike pogings aanwend om te verseker dat die deernis verbruikers wel by die kantore registreer sodat die subsidies dan teen die rekeninge van die "klas" verbruiker gekrediteer kan word.

Met die implementering van die nuwe verslagdoenings formaat, moet Munisipaliteite nou ook voorsiening maak vir waardevermindering in sy uitgawe begroting. Hierdie bedrag beloop vir die begroting onder oorsig, meer as R8 Mil wat bykans 20% van die bedryfsbegroting is. Uiteraard sal so 'n meegaande tariefverhoging onbekostigbaar vir die verbruiker wees. Aangesien Omsendbrief 72 van Nasionale Tesourie 'n Munisipaliteit verbied om vir 'n tekort te begroot kan die werklike uitgawe aan waardevermindering nie in die begroting ingesluit word nie.

Met inagneming van die bogenoemde, kon die Raad daarin slaag om die gemiddelde styging tot slegs 7.0.% te beperk. Tariefverhogings sal as volg wees:

Tariefverhogings	
Elektrisiteit	1.88%
Water	7.0%
Riool	7.0%
Vullis	7.0%
Belasting	7.0%

Inkomste:

Die totale begrote inkomste is R 59,186 Miljoen en die hoof inkomste bronne word in die volgende tabel weerspieël.

Inkomste	Totaal (000)
Erf Belasting	6,238
Elektrisiteit	10,109
Water	3,055
Sanitasie	3,070
Vullisverwydering	2,313
Ander	4,636
Interowerheidstoekenning	29,765

Totaal	59,186
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Uitgawes:

Die begrote bedryfsuitgawes beloop R 59.091 Mil en is per kategorie vervat in die volgende tabel.

Uitgawes	Totaal
Salarisse	22,225
Raadslede vergoeding	2,613
Slegte skuld	2,438
Waardevermindering	400
Grootmaak Aankope	7,990
Kontrakteurs dienste	1,046
Onderhoud en herstel	8,979
Ander	13,400
Totaal	59,091

Die Munisipaliteit begroot dus vir 'n surplus van R 94 800.00 vir die 2017/2018 finansiële jaar as die totale uitgawes afgetrek word van die totale inkomste in die bedryfsbegroting.

Besoldiging:

Die salaris verhogings vir amptenare beloop 7.36 % ingevolge die omsendskrywe van SALGA.

Instandhouding:

Instandhouding van die Raad se bates het in die verlede nie genoegsame aandag geniet nie en dit is egter met die begroting dieselfde geval. Minder as 4 % van die begroting was hiervoor begroot in die 2014/2015 bedryfsbegroting. Hierdie jaar word 15% van die totale operasionele uitgawe begroting aan herstel en onderhoudskostes toegedeel hoofsaaklik as gevolg van die WSIG, INEP en EEDMG toekennings wat ingevolge mSCOA dan wel operasionele toekennings is.

Wanbetaling:

Die grootste enkele uitdaging wat voor die Raad lê is die stand van wanbetaling. Die swak betalings tendens kan aan verskeie faktore te wyte wees soos byvoorbeeld die swak ekonomiese groei van die land wat werkskepping strem wat dan die vermoë van verbruikers om te betaal, demp. Dit help egter nie om vingers te wys nie, maar die Raad en Administrasie moet hul eenparig verbind tot verskerpte optrede en toesien dat die kredietbeheer beleid streng uitgevoer word. Indien die beplande 85% betaling nie behaal word nie, sal die Raad uitgawes moet sny om te verseker dat die spandering binne die totale bedryfsbegroting is.

Gelyke Aandeel Ontvangste:

Die bedrae ontvangbaar van die Nasionale Regering met betrekking tot die bedryfsbegroting is R 29.765 Mil en is hoofsaaklik ten doel om verligting te bring vir die armste van die armste inwoners van ons gemeenskappe. 'n Beroep word gedoen op die publiek om te registreer vir hierdie subsidie wat die kwalifiserende huishoudings as 'n krediet teen hul dienste rekeninge sal ontvang. Die volgende tabel weerspieël 'n gedetailleerde uiteensetting van die toekennings soos per die DORA.

Toekenning	Totaal
WSIG	4,000,000
FMG	1,900,000
Gelykberegtiging toekenning	18,198,000
EPWP	1,000,000
Biblioteek toekenning	1,667,000
EEDMG	2,000,000
INEP	1,000,000

Totaal	29,765,000
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Die toekenning van R 8 145 000 wat van die Regering ontvang word vir kapitale ontwikkeling word ook in die DORA aangetoon, maar vorm deel van die kapitale begroting.

Subsidies vir Deernis Verbruikers:

Alle verbruikers wat kwalifiseer in terme van die deernis beleid van die Raad moet aangemoedig word om te registreer sadat hul die volgende subsidies kan ontvang:

Elektrisiteit	50 KWh per maand
Water	6 Kl gratis per maand
Sanitasie	100% gratis
Vullis	100% gratis
Erfbelasting	Afhangend van die Waardasie

SLOTSOM

Die doel van hierdie begroting was om 'n begroting daar te stel wat haalbaar was. Dit dien geen doel om 'n begroting op te stel in die hoop dat dit aanvaarbaar vir die gemeenskap is maar welwetend dat dit kwalik sal realiseer. Sodoende is slegs projekte waarvoor fondse reeds beskikbaar is voor begroot. Inkomste en uitgawes is so saamgestel dat dit realistiese verwagtings kan skep. Daar is egter ook sekere doelwitte gestel wat nagejaag moet word en waarvoor streng kontrole gehou sal word.

In die toekoms sal ook net dienste gelewer word deur die Munisipaliteit wat as deel van sy mandaat geag word en tot voordeel van die gemeenskap is.

Aan die Munisipale Bestuurder en sy personeel, baie dankie vir u bydrae en alle sterkte met die implimentering en uitvoering van hierdie begroting. Die sukses sal afhang van u pligsgetroue optrede.

Aan die publiek hier teenwoordig, baie dankie vir u belangstelling en deelname. Daar is vir elkeen in die gemeenskap iets om na uit te sien in die komende jaar.

1.2 RAADSBESLUIT

See Report

KAPITAAL BEGROTING

Weens die finansiële posisie van Karoo Hoogland Munisipaliteit was dit weereens onmoontlik om enige kapitaal projekte deur middel van interne fondse te finansier. Karoo Hoogland is aangewese op skenkings vir projekte en in die lig is fondse vir slegs 'n paar projekte bekom.

BEDRYFSBEGROTING

Die groot onsekerheid in die samestelling in die begroting is die verhoging in brandstof pryse asook die inflasiekoers. Die goedgekeurde

elektrisiteitstariefverhoging wat aan ESKOM toegestaan is, het ook 'n groot invloed op die begroting gehad en wil blyk of dit darem beter gaan wees in die nabye toekoms

Die styging in die uitgawebegroting plaas groot druk op die tariewe wat gehef moet word.



Die verliese wat gelei word as gevolg van die misbruik van water het die Raad genoodsaak om na alternatiewe metingsinstrumente te kyk. Die Raad is tans besig om vooruitbetaalde watermeters te installeer te Sutherland en Williston sal volg.

The following budget principles and guidelines directly informed the compilation of the 2017 /

2018 MTREF:

- mSCOA is now a reality and an integral part of municipal administration, therefore the budget was compiled from scratch too ensure that the budget is in accordance to the new chart of accounts.
- The 2016/17 Budget priorities and targets, as well as the base line allocations contained in the Budget were adopted as the upper limits for the new baselines for the 2017/ 2018 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity and employee related costs. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- That service tariff increases be limited to 7.0% except for electricity which is limited to 1.88%

1.3 OPERATING REVENUE FRAMEWORK

For Karoo Hoogland Municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macro-economic policy;
- Growth in the KHM and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the KHM.

The following table is a summary of the 2017 / 2018 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

NC066 Karoo Hoogland - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	6 238	6 587	6 949
Service charges - electricity revenue	2	-	-	-	-	-	-	-	10 109	10 683	11 288
Service charges - water revenue	2	-	-	-	-	-	-	-	3 055	3 215	3 380
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	3 070	3 235	3 350
Service charges - refuse revenue	2	-	-	-	-	-	-	-	2 313	2 435	2 564
Service charges - other									9	10	10
Rental of facilities and equipment									725	1 011	1 070
Interest earned - external investments									300	318	336
Interest earned - outstanding debtors									1 545	1 636	1 731
Dividends received									-	-	-
Fines, penalties and forfeits									5	5	6
Licences and permits									-	-	-
Agency services									-	-	-
Transfers and subsidies									29 765	30 115	31 282
Other revenue	2	-	-	-	-	-	-	-	2 052	1 919	2 024
Gains on disposal of PPE									-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	59 186	61 169	63 991

Table 2 Operating Transfers and Grant Receipts

NC066 Karoo Hoogland - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	28 098	28 138	29 190
Local Government Equitable Share								18 198	20 222	21 775
Finance Management								1 900	2 155	2 415
Municipal Systems Improvement								-	761	-
Energy Efficiency and Demand Management								2 000	5 000	5 000
Water Services Operating Subsidy								4 000	-	-
Integrated National Electrification Programme								1 000	-	-
EPWP								1 000	-	-
Provincial Government:		-	-	-	-	-	-	1 667	1 977	2 092
Sport and Recreation								1 667	1 977	2 092
EPWP								-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	29 765	30 115	31 282
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	8 145	38 340	35 546
Regional Bulk Infrastructure								-	30 000	27 000
Municipal Infrastructure Grant (MIG)								8 145	8 340	8 546
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	8 145	38 340	35 546
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	37 910	68 455	66 828

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the KHM.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the KHM is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the KHM has undertaken the tariff setting process relating to service charges as follows.

1.3.1 PROPOSED TARIFFS

The proposed tariffs are per the tariff structure of KHM.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy, depending on the market value of the property
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;

- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

1.3.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

The tariff structure of the 2017 / 2018 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption at a higher rate. A drought tariff has been implemented when the municipality is facing water supply challenges due to drought. This will ultimately just effect consumers whose consumption per month exceeds 50 kl.

1.3.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure.

Considering the Eskom increases, the consumer tariff had to be increased by 1.88 per cent to offset the additional bulk purchase cost from 1 July 2017.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2017. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The KHM has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the KHM. Until the discussions are concluded, the KHM will maintain the current structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the KHM. Most of the suburbs and inner KHM reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Fraserburg electricity network has therefore become a strategic priority, especially the substations and transmission lines.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R15 million over five years will be necessary to steer the KHM out of this predicament.

1.3.4 Sanitation and Impact of Tariff Increases

A tariff increase of 7.0 percent for sanitation from 1 July 2017 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 5 per cent of waste water treatment input costs, therefore the higher than CPI is actually needed as an increase for sanitation tariffs.

1.3.5 Waste Removal and Impact of Tariff Increases

A 7.0 percent increase in the waste removal tariff is proposed from 1 July 2017. This is due to the above inflation rate increase in fuel costs.

1.3.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills will be 7.0 per cent.

Table 3 MBRR Table SA14 – Household bill

NC066 Karoo Hoogland - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates							678.71	7.0%	726.22	774.87	829.12
Electricity: Basic levy											
Electricity: Consumption							1 851.41	1.9%	1 886.21	2 012.59	2 147.43
Water: Basic levy							69.01	7.0%	73.85	78.79	84.07
Water: Consumption							172.92	7.0%	185.03	197.43	210.65
Sanitation							110.63	7.0%	118.38	126.31	134.77
Refuse removal							102.65	7.0%	109.84	117.19	125.05
Other								7.0%			
sub-total		-	-	-	-	-	2 985.34	-	3 099.52	3 307.19	3 531.10
VAT on Services							327.17		332.26	354.52	378.28
Total large household bill:		-	-	-	-	-	3 312.51	-	3 431.78	3 661.71	3 909.37
% increase/-decrease			-	-	-	-	-		3.6%	6.7%	6.8%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates							480.54	7.0%	514.18	548.63	585.39
Electricity: Basic levy							-				
Electricity: Consumption							925.70	1.9%	943.11	1 006.30	1 073.72
Water: Basic levy							69.01	7.0%	73.85	78.79	84.07
Water: Consumption							141.34	7.0%	151.24	161.37	172.18
Sanitation							109.84	7.0%	117.53	125.40	133.80
Refuse removal							102.65	7.0%	109.84	117.19	125.05
Other							190.92	7.0%	204.28	217.97	232.57
sub-total		-	-	-	-	-	2 020.01	-	2 114.01	2 255.65	2 406.78
VAT on Services							215.53		223.98	238.98	255.00
Total small household bill:		-	-	-	-	-	2 235.53	-	2 337.99	2 494.64	2 661.78
% increase/-decrease			-	-	-	-	-		4.6%	6.7%	6.7%
Monthly Account for Household - 'Indigent Household receiving free basic services'	3										
Rates and services charges:											
Property rates							267.52	#DIV/0!	286.24	305.42	325.88
Electricity: Basic levy							-		-	-	-
Electricity: Consumption							390.73	#DIV/0!	398.08	424.75	453.21
Water: Basic levy							-		-	-	-
Water: Consumption							83.29	#DIV/0!	89.12	95.09	101.47
Sanitation							-		-	-	-
Refuse removal							-		-	-	-
Other							-		-	-	-
sub-total		-	-	-	-	-	741.54	-	773.44	825.26	880.56
VAT on Services							66.36	#NAME?	68.21	72.78	77.65
Total small household bill:		-	-	-	-	-	807.91	-	841.65	898.04	958.21
% increase/-decrease			-	-	-	-	-		4.2%	6.7%	6.7%

1.4 OPERATING EXPENDITURE FRAMEWORK

The KHM's expenditure framework for the 2017 / 2018 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to streets, water and sport facilities

- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017 / 2018 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by standard classification item

Expenditure By Type												
Employee related costs	2	-	-	-	-	-	-	-	22 225	23 428	25 050	
Remuneration of councillors									2 613	2 892	3 092	
Debt impairment	3								2 438	2 686	2 840	
Depreciation & asset impairment	2	-	-	-	-	-	-	-	400	400	400	
Finance charges									514	451	380	
Bulk purchases	2	-	-	-	-	-	-	-	7 990	8 446	8 926	
Other materials	8								8 979	6 213	6 289	
Contracted services		-	-	-	-	-	-	-	1 046	1 108	1 173	
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	
Other expenditure	4, 5	-	-	-	-	-	-	-	12 886	15 253	12 642	
Loss on disposal of PPE									-	-	-	
Total Expenditure		-	-	-	-	-	-	-	59 091	60 874	60 793	
Surplus/(Deficit)		-	-	-	-	-	-	-	95	294	3 198	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									8 145	38 340	35 546	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-	8 240	38 634	38 744	
Taxation												
Surplus/(Deficit) after taxation		-	-	-	-	-	-	-	8 240	38 634	38 744	
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		-	-	-	-	-	-	-	8 240	38 634	38 744	
Share of surplus/ (deficit) of associate	7											
Surplus/(Deficit) for the year		-	-	-	-	-	-	-	8 240	38 634	38 744	

BEGROTING 2017/18

NC066 Karoo Hoogland - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	15 088	17 043	17 411
Executive and council		-	-	-	-	-	-	10 384	11 167	11 871
Finance and administration		-	-	-	-	-	-	4 704	5 875	5 541
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	2 925	3 266	3 384
Community and social services		-	-	-	-	-	-	1 697	2 009	2 126
Sport and recreation		-	-	-	-	-	-	1 228	1 257	1 258
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	1 942	3 000	3 000
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	1 942	3 000	3 000
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	47 376	76 200	75 742
Energy sources		-	-	-	-	-	-	15 062	17 847	18 615
Water management		-	-	-	-	-	-	17 092	41 789	39 497
Waste water management		-	-	-	-	-	-	7 981	8 674	9 199
Waste management		-	-	-	-	-	-	7 240	7 890	8 431
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	-	-	-	67 331	99 509	99 537
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	26 941	30 047	28 413
Executive and council		-	-	-	-	-	-	11 929	13 284	12 807
Finance and administration		-	-	-	-	-	-	14 790	16 529	15 359
Internal audit		-	-	-	-	-	-	221	234	247
<i>Community and public safety</i>		-	-	-	-	-	-	2 879	3 229	3 429
Community and social services		-	-	-	-	-	-	1 821	2 103	2 229
Sport and recreation		-	-	-	-	-	-	1 057	1 126	1 200
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	2 549	2 590	2 753
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	2 549	2 590	2 753
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	26 722	25 009	26 198
Energy sources		-	-	-	-	-	-	14 596	16 294	16 925
Water management		-	-	-	-	-	-	5 766	2 165	2 369
Waste water management		-	-	-	-	-	-	4 023	4 217	4 425
Waste management		-	-	-	-	-	-	2 337	2 334	2 480
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	-	-	-	-	-	59 091	60 874	60 793
Surplus/(Deficit) for the year		-	-	-	-	-	-	8 240	38 634	38 744

The budgeted allocation for employee related costs for the 2017/ 2018 financial year totals R 22.2 million, which equals 37 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7.36 per cent for the 2017 / 2018 financial year. An annual increase of 6.7 and 6.6 per cent has been included in the two outer years of the MTREF as per Circular 86.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the KHM's budget.

The provision of debt impairment was determined based on an annual collection rate of 83 per cent and the Debt Write-off Policy of the KHM. For the 2017 / 2018 financial year this amount equates to R2.4 million and escalates to R2.7 million by 2018/19. While this expenditure is

considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard should have been a total of R8 million for the 2017 / 2018 financial year. It can however not be cash backed and therefore R 400 000 was budgeted. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Table 64 MBRR SA1 (see page 100).

The following graph gives a breakdown of the main expenditure categories for the 2017 / 2018 financial year.

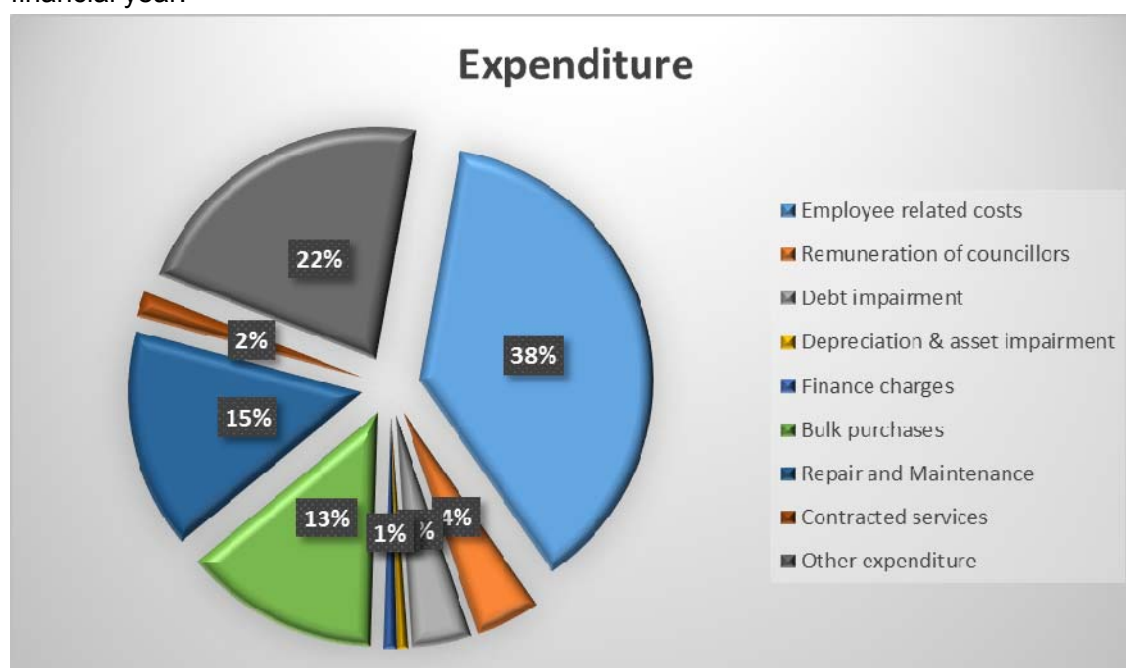


Figure 1 Main operational expenditure categories for the 2017 / 2018 financial year

1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the KHM's current infrastructure, the 2017 / 2018 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the KHM. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

For the 2017 / 2018 financial year, only R9 m will be spent on maintenance of infrastructure assets. This is still considered to be insufficient to maintain the assets adequately due to backlog maintenance

1.4.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the KHM's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 CAPITAL EXPENDITURE

Due to financial constraints, it was not possible to provide funding for capital projects from our own sources. Only four projects could be included which are funded from National Grants.:

Williston Street Paving	R 821 950
Sutherland Stormwater Retention	R 120 000
Sutherland Sport Facilities	R 1 225 050
Sutherland Bulk Water	R 5 978 000
Total	R 8145 000

1.6 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's

2017 / 2018 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 5 MBRR Table A1 - Budget Summary

NC066 Karoo Hoogland - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	6 238	6 587	6 949
Service charges	-	-	-	-	-	-	-	18 556	19 578	20 592
Investment revenue	-	-	-	-	-	-	-	300	318	336
Transfers recognised - operational	-	-	-	-	-	-	-	29 765	30 115	31 282
Other own revenue	-	-	-	-	-	-	-	4 327	4 571	4 831
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	59 186	61 169	63 991
Employee costs	-	-	-	-	-	-	-	22 225	23 428	25 050
Remuneration of councillors	-	-	-	-	-	-	-	2 613	2 892	3 092
Depreciation & asset impairment	-	-	-	-	-	-	-	400	400	400
Finance charges	-	-	-	-	-	-	-	514	451	380
Materials and bulk purchases	-	-	-	-	-	-	-	16 969	14 658	15 215
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	16 370	19 046	16 656
Total Expenditure	-	-	-	-	-	-	-	59 091	60 874	60 793
Surplus/(Deficit)	-	-	-	-	-	-	-	95	294	3 198
Transfers and subsidies - capital (monetary allocation)	-	-	-	-	-	-	-	8 145	38 340	35 546
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	8 240	38 634	38 744
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	8 240	38 634	38 744
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	8 145	38 340	35 546
Transfers recognised - capital	-	-	-	-	-	-	-	8 145	38 340	35 546
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	8 145	38 340	35 546
Financial position										
Total current assets	-	-	-	-	-	-	-	9 723	10 404	11 132
Total non current assets	-	-	-	-	-	-	-	229 950	271 225	309 912
Total current liabilities	-	-	-	-	-	-	-	6 640	6 860	6 095
Total non current liabilities	-	-	-	-	-	-	-	3 280	3 079	2 867
Community wealth/Equity	-	-	-	-	-	-	-	229 752	271 690	312 082
Cash flows										
Net cash from (used) operating	-	-	-	-	-	-	-	8 184	37 006	33 604
Net cash from (used) investing	-	-	-	-	-	-	-	(8 145)	(38 340)	(35 546)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	-	-	-	-	-	1 289	(45)	(1 987)
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	-	-	-	-	1 250	1 338	1 432
Application of cash and investments	-	-	-	-	-	-	-	(6 887)	(7 641)	(9 496)
Balance - surplus (shortfall)	-	-	-	-	-	-	-	8 137	8 979	10 928
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	226 211	226 211	267 224	305 631
Depreciation	-	-	-	-	-	-	400	400	400	400
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	8 979	8 979	6 213	6 289
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	3 006	3 006	3 200	3 449
Revenue cost of free services provided	-	-	-	-	-	-	505	505	540	580
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	1	1	1	1
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the KHM's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2017/18, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 6 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC066 Karoo Hoogland - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	15 088	17 043	17 411
Executive and council		-	-	-	-	-	-	10 384	11 167	11 871
Finance and administration		-	-	-	-	-	-	4 704	5 875	5 541
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	2 925	3 266	3 384
Community and social services		-	-	-	-	-	-	1 697	2 009	2 126
Sport and recreation		-	-	-	-	-	-	1 228	1 257	1 258
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	1 942	3 000	3 000
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	1 942	3 000	3 000
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	47 376	76 200	75 742
Energy sources		-	-	-	-	-	-	15 062	17 847	18 615
Water management		-	-	-	-	-	-	17 092	41 789	39 497
Waste water management		-	-	-	-	-	-	7 981	8 674	9 199
Waste management		-	-	-	-	-	-	7 240	7 890	8 431
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	-	-	-	67 331	99 509	99 537
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	26 941	30 047	28 413
Executive and council		-	-	-	-	-	-	11 929	13 284	12 807
Finance and administration		-	-	-	-	-	-	14 790	16 529	15 359
Internal audit		-	-	-	-	-	-	221	234	247
<i>Community and public safety</i>		-	-	-	-	-	-	2 879	3 229	3 429
Community and social services		-	-	-	-	-	-	1 821	2 103	2 229
Sport and recreation		-	-	-	-	-	-	1 057	1 126	1 200
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	2 549	2 590	2 753
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	2 549	2 590	2 753
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	26 722	25 009	26 198
Energy sources		-	-	-	-	-	-	14 596	16 294	16 925
Water management		-	-	-	-	-	-	5 766	2 165	2 369
Waste water management		-	-	-	-	-	-	4 023	4 217	4 425
Waste management		-	-	-	-	-	-	2 337	2 334	2 480
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	-	-	-	-	-	59 091	60 874	60 793
Surplus/(Deficit) for the year		-	-	-	-	-	-	8 240	38 634	38 744

Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC066 Karoo Hoogland - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote	1									
Council		-	-	-	-	-	-	1 831	2 034	2 189
Finance		-	-	-	-	-	-	3 712	4 832	4 442
Rates		-	-	-	-	-	-	8 420	8 993	9 533
Municipal Manager		-	-	-	-	-	-	133	140	148
Refuse		-	-	-	-	-	-	7 240	7 890	8 431
Libraries		-	-	-	-	-	-	1 676	1 987	2 102
Commonage		-	-	-	-	-	-	992	1 043	1 099
Townhall & Buildings		-	-	-	-	-	-	12	13	14
Cemeteries		-	-	-	-	-	-	9	10	10
Parks trees and recreation		-	-	-	-	-	-	1 228	1 257	1 258
Health		-	-	-	-	-	-	-	-	-
Streets and Public Works		-	-	-	-	-	-	1 942	3 000	3 000
Electricity		-	-	-	-	-	-	15 062	17 847	18 615
Water		-	-	-	-	-	-	17 092	41 789	39 497
Sanitation		-	-	-	-	-	-	7 981	8 674	9 199
Total Revenue by Vote	2	-	-	-	-	-	-	67 331	99 509	99 537
Expenditure by Vote to be appropriated	1									
Council		-	-	-	-	-	-	4 105	4 396	4 636
Finance		-	-	-	-	-	-	13 768	14 639	13 757
Rates		-	-	-	-	-	-	1 301	2 140	1 020
Municipal Manager		-	-	-	-	-	-	6 523	6 748	7 151
Refuse		-	-	-	-	-	-	2 337	2 334	2 480
Libraries		-	-	-	-	-	-	1 669	1 977	2 090
Commonage		-	-	-	-	-	-	1 244	2 124	1 849
Townhall & Buildings		-	-	-	-	-	-	152	125	138
Cemeteries		-	-	-	-	-	-	1	1	1
Parks trees and recreation		-	-	-	-	-	-	1 057	1 126	1 200
Health		-	-	-	-	-	-	-	-	-
Streets and Public Works		-	-	-	-	-	-	3 549	2 590	2 753
Electricity		-	-	-	-	-	-	13 596	16 294	16 925
Water		-	-	-	-	-	-	5 766	2 165	2 369
Sanitation		-	-	-	-	-	-	4 023	4 217	4 425
Total Expenditure by Vote	2	-	-	-	-	-	-	59 091	60 874	60 793
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	8 240	38 634	38 744

Table 8 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC066 Karoo Hoogland - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	6 238	6 587	6 949
Service charges - electricity revenue	2	-	-	-	-	-	-	-	10 109	10 683	11 288
Service charges - water revenue	2	-	-	-	-	-	-	-	3 055	3 215	3 380
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	3 070	3 235	3 350
Service charges - refuse revenue	2	-	-	-	-	-	-	-	2 313	2 435	2 564
Service charges - other									9	10	10
Rental of facilities and equipment									725	1 011	1 070
Interest earned - external investments									300	318	336
Interest earned - outstanding debtors									1 545	1 636	1 731
Dividends received									-	-	-
Fines, penalties and forfeits									5	5	6
Licences and permits									-	-	-
Agency services									-	-	-
Transfers and subsidies									29 765	30 115	31 282
Other revenue	2	-	-	-	-	-	-	-	2 052	1 919	2 024
Gains on disposal of PPE									-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	59 186	61 169	63 991
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	22 225	23 428	25 050
Remuneration of councillors									2 613	2 892	3 092
Debt impairment	3								2 438	2 686	2 840
Depreciation & asset impairment	2	-	-	-	-	-	-	-	400	400	400
Finance charges									514	451	380
Bulk purchases	2	-	-	-	-	-	-	-	7 990	8 446	8 926
Other materials	8								8 979	6 213	6 289
Contracted services		-	-	-	-	-	-	-	1 046	1 108	1 173
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	-	-	-	-	-	12 886	15 253	12 642
Loss on disposal of PPE									-	-	-
Total Expenditure		-	-	-	-	-	-	-	59 091	60 874	60 793
Surplus/(Deficit)		-	-	-	-	-	-	-	95	294	3 198
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									8 145	38 340	35 546
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-	8 240	38 634	38 744
Taxation											
Surplus/(Deficit) after taxation		-	-	-	-	-	-	-	8 240	38 634	38 744
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		-	-	-	-	-	-	-	8 240	38 634	38 744
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		-	-	-	-	-	-	-	8 240	38 634	38 744

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Capital Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-
Executive and council										
Finance and administration										
Internal audit										
<i>Community and public safety</i>		-	-	-	-	-	-	1 225	1 254	1 254
Community and social services										
Sport and recreation								1 225	1 254	1 254
Public safety										
Housing										
Health										
<i>Economic and environmental services</i>		-	-	-	-	-	-	942	3 000	3 000
Planning and development										
Road transport								942	3 000	3 000
Environmental protection										
<i>Trading services</i>		-	-	-	-	-	-	5 978	34 086	31 292
Energy sources										
Water management								5 978	34 086	31 292
Waste water management										
Waste management										
<i>Other</i>										
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	8 145	38 340	35 546
Funded by:										
National Government								8 145	8 340	8 546
Provincial Government									30 000	27 000
District Municipality										
Other transfers and grants										
Transfers recognised - capital	4	-	-	-	-	-	-	8 145	38 340	35 546
Public contributions & donations	5									
Borrowing	6									
Internally generated funds										
Total Capital Funding	7	-	-	-	-	-	-	8 145	38 340	35 546

Table 10 MBRR Table A6 - Budgeted Financial Position

NC066 Karoo Hoogland - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash									1 250	1 338	1 432
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	-	-	-	-	-	-	8 186	8 759	9 372
Other debtors									287	307	328
Current portion of long-term receivables											
Inventory	2								-		
Total current assets		-	-	-	-	-	-	-	9 723	10 404	11 132
Non current assets											
Long-term receivables									3 739	4 001	4 281
Investments											
Investment property									37 436	40 057	42 861
Investment in Associate											
Property, plant and equipment	3	-	-	-	-	-	-	-	188 017	226 357	261 903
Agricultural											
Biological											
Intangible									757	810	867
Other non-current assets									-		
Total non current assets		-	-	-	-	-	-	-	229 950	271 225	309 912
TOTAL ASSETS		-	-	-	-	-	-	-	239 673	281 629	321 045
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	305	326	349
Consumer deposits									317	340	363
Trade and other payables	4	-	-	-	-	-	-	-	3 500	3 500	2 500
Provisions									2 518	2 694	2 883
Total current liabilities		-	-	-	-	-	-	-	6 640	6 860	6 095
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	2 080	1 879	1 667
Provisions		-	-	-	-	-	-	-	1 200	1 200	1 200
Total non current liabilities		-	-	-	-	-	-	-	3 280	3 079	2 867
TOTAL LIABILITIES		-	-	-	-	-	-	-	9 920	9 939	8 962
NET ASSETS	5	-	-	-	-	-	-	-	229 752	271 690	312 082
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)									229 752	271 690	312 082
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	229 752	271 690	312 082

Table 11 MBRR Table A7 - Budgeted Cash Flow Statement

NC066 Karoo Hoogland - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									5 596	5 921	6 264
Service charges									16 879	17 858	18 894
Other revenue									2 293	2 426	2 616
Government - operating	1								29 765	30 115	31 282
Government - capital	1								8 145	38 340	35 546
Interest									1 458	1 543	1 633
Dividends									-	-	-
Payments											
Suppliers and employees									(55 439)	(58 654)	(62 056)
Finance charges									(514)	(544)	(575)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	8 184	37 006	33 604
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets									(8 145)	(38 340)	(35 546)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(8 145)	(38 340)	(35 546)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	39	(1 334)	(1 942)
Cash/cash equivalents at the year begin:	2								1 250	1 289	(45)
Cash/cash equivalents at the year end:	2								1 289	(45)	(1 987)

Table 12 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC066 Karoo Hoogland - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	1 289	(45)	(1 987)
Other current investments > 90 days		-	-	-	-	-	-	-	(39)	1 383	3 419
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	-	-	-	-	-	1 250	1 338	1 432
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	-	-	-	-	-	(6 887)	(7 641)	(9 496)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		-	-	-	-	-	-	-	(6 887)	(7 641)	(9 496)
Surplus(shortfall)		-	-	-	-	-	-	-	8 137	8 979	10 928

Table 13 MBRR Table A10 - Basic Service Delivery Measurement

NC066 Karoo Hoogland - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	1 855	1 855	1 855
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	452	452	452
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	2 307	2 307	2 307
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	2 307	2 307	2 307
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	686	686	686
Flush toilet (with septic tank)		-	-	-	-	-	-	791	791	791
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	1 477	1 477	1 477
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	830	830	830
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	830	830	830
Total number of households	5	-	-	-	-	-	-	2 307	2 307	2 307
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	180	180	180
Electricity - prepaid (min.service level)		-	-	-	-	-	-	1 155	1 155	1 155
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	1 335	1 335	1 335
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	1 335	1 335	1 335
Refuse:										
Removed at least once a week		-	-	-	-	-	-	2 307	2 307	2 307
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	2 307	2 307	2 307
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	2 307	2 307	2 307

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

1.7 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the KHM's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.7.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2016. Key dates applicable to the process were:

- **January 2017** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2017** – Council to consider 2015/16 Mid-year Review;
- **February 2017**- Council to consider Adjustments Budget if necessary;
- **February 2017** – Public Participation
- **March 2016** - Tabling in Council of the draft 2017 / 2018 IDP and 2017 / 2018 MTREF for public consultation;
- **May 2017** – Public consultation;
- **May 2017** - Closing date for written comments;
- **May 2017** – Budget Approval

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council since January 2017

1.7.2 IDP and Service Delivery and Budget Implementation Plan

The IDP and SDBIP was compiled and submitted to the mayor.

1.7.3 Financial Modelling and Key Planning Drivers⁸

As part of the compilation of the 2017 / 2018 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017 / 2018 MTREF:

- KHM growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/17 budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

1.7.4 Community Consultation

Various community participation meetings was held during March and May 2017 in all towns.

1.8 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide KHM planning services; and
 - Maintaining the infrastructure of the KHM.
2. Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the KHM;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective KHM cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity in KHM to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

Table 14 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC066 Karoo Hoogland - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

NC066 Karoo Hoogland - Supporting Table SA4 Reconciliation of IDP Strategic Objectives and Budget (Revenue)													
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand													
Service Delivery	To enhance sustainable service delivery through infrastructure development									24	26	27	
Local Economic Development	The successful implementation of the LED Strategy Address social challenges that hinder economic development									471	490	515	
Financial Viability	The development of a financial plan with strategies to ensure that Karoo Hoogland will be a financial viable entity									64 839	96 879	96 758	
Municipal Transformation and Organizational Development	To establish proper administrative and institutional infrastructure to properly regulate the implementation of the IDP									111	118	125	
Good Governance	To actively involve the public in local government To monitor and evaluate the performance of council in terms of its PMS Community Participation									1 886	1 997	2 113	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	-	-	-	-	-	-	67 331	99 509	99 537

Table 15 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC066 Karoo Hoogland - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Service Delivery	To enhance sustainable service delivery through infrastructure development									16 166	14 870	14 943
Local Economic Development	The successful implementation of the LED Strategy Address social challenges that hinder economic development											
Financial Viability	The development of a financial plan with strategies to ensure that Karoo Hoogland will be a financially viable entity									12 061	13 127	12 604
Municipal Transformation and Organizational Development	To establish proper administrative and institutional infrastructure to properly conduct the transformation of the municipality									26 551	29 024	30 170
Good Governance	To actively involve the public in local government To monitor and evaluate the performance of council in terms of its PMS Community Participation									4 313	3 854	3 077
Allocations to other priorities												
Total Expenditure			1	-	-	-	-	-	-	59 091	60 874	60 793

1.9 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the KHM has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

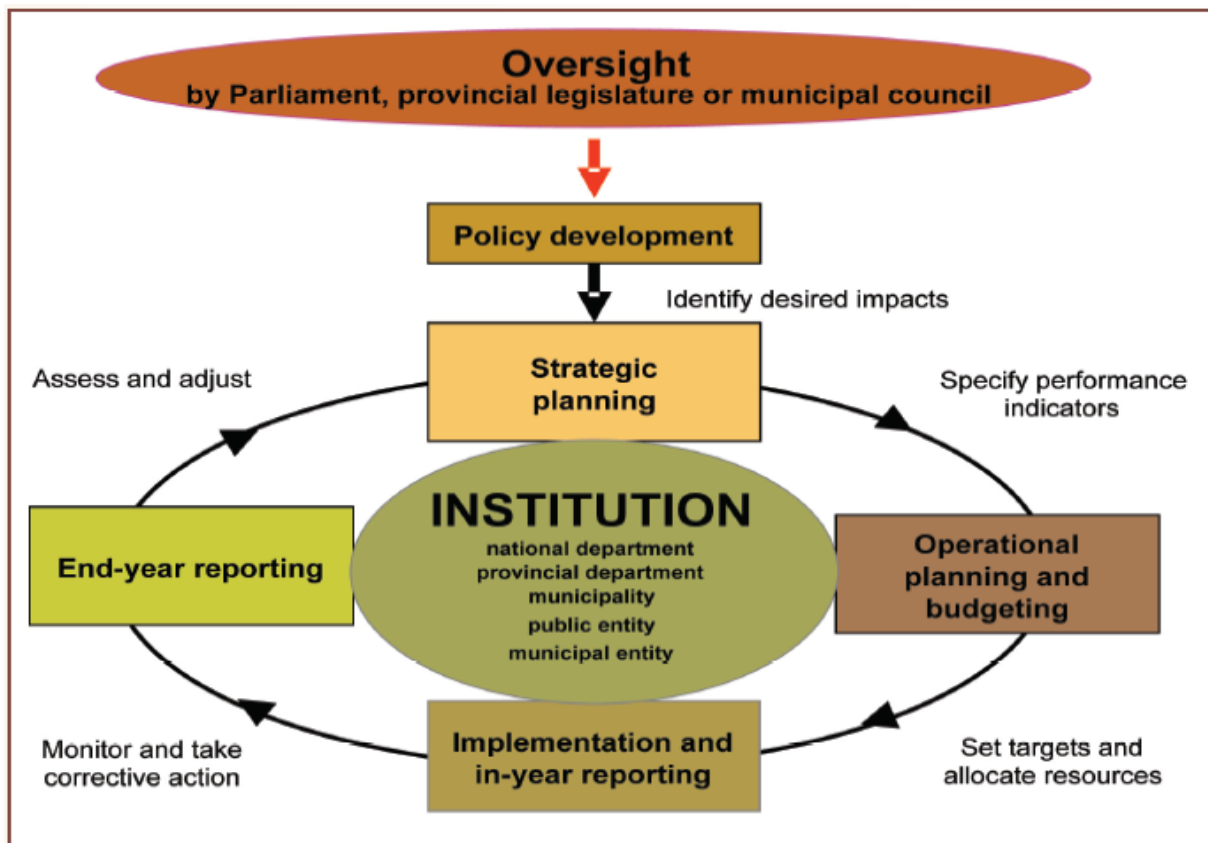


Figure 2 Planning, budgeting and reporting cycle

The performance of the KHM relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The KHM therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the KHM in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 16 MBRR Table SA7 - Measurable performance objectives

NC066 Karoo Hoogland - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2017 / 2018 MTREF.

Table 17 MBRR Table SA8 - Performance indicators and benchmarks

NC066 Karoo Hoogland - Supporting Table SA8 Performance indicators and benchmarks

NC066 Karoo Hoogland - Supporting table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.7%	0.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	1.5%	1.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	-	-	-	-	-	-	-	1.5	1.5	1.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	-	-	-	-	1.5	1.5	1.8
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	-	-	-	-	0.2	0.2	0.2
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	90.6%	90.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	90.6%	90.9%	91.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	20.6%	21.4%	21.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	271.5%	-7760.6%	-125.8%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)								411	440	471
	Total Cost of Losses (Rand '000)								392	415	439
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)								32	34	37
	Total Cost of Losses (Rand '000)								189	200	212
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	37.6%	38.3%	39.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	42.0%	43.0%	44.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.2%	10.2%	9.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	1.4%	1.2%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	-	-	-	-	-	-	19.1	19.0	20.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33.2%	33.4%	33.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	-	-	0.3	(0.0)	(0.5)

1.9.1 Performance indicators and benchmarks

1.9.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Karoo Hoogland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the KHM's debt portfolio is dominated by annuity loans.

Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.9.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the KHM has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2016 / 2017 MTREF the current ratio is 1.0 in the 2017/18 financial year and for the two outer years of the MTREF it is 1.0. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.3 and as part of the financial planning strategy it has been increased to 0.4 in the 2017/18 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the KHM. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

1.9.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

1.9.1.4 Creditors Management

- The KHM has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the KHM, which is expected to benefit the KHM in the form of more competitive pricing of tenders, as suppliers compete for the KHM's business.

1.9.1.5 Other Indicators

- The electricity distribution losses remain at more than 9%, this is mainly due to the outdated infrastructure in Fraserburg and electricity theft.
- The water distribution losses cannot be calculated due to the shortage in bulk meters. This needs to be addressed urgently.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers. The percentage however is considered to be out of bounds.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the KHM's strategy to ensure the management of its asset base.

1.9.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the KHM. With the exception of water, only registered indigents qualify for the free basic services.

For the 2017/18 financial year 830 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, and free refuse, sanitation and discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

1.9.3 Providing clean water and managing waste water

The KHM is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. All water is generated from the KHM's own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

1.10 OVERVIEW OF BUDGET RELATED-POLICIES

The KHM's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.10.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in May 2017 and is reviewed annually. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, it is essential that projects implemented should create work. The 2017 / 2018 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 83 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the KHM's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy. Currently the collection rate is only 83%.

1.10.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the KHM's revenue base.

1.10.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the KHM continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions. Unfortunately both these processes were derailed in the current year.

1.10.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2017. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

1.10.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the KHM's system of delegations.

1.10.6 Cash Management and Investment Policy

The KHM's Cash Management and Investment Policy were amended by Council in May 2016. The aim of the policy is to ensure that the KHM's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.10.7 Tariff Policies

The KHM's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

1.10.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2017 / 2018 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has to be modelled as part of the financial modelling and scenario planning process:

- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the KHM's website, as well as the following budget related policies:

- Property Rates Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.11 OVERVIEW OF BUDGET ASSUMPTIONS

1.11.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the KHM's finances.

1.11.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017 / 2018 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on KHM's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 37 percent of total operating expenditure in the 2017 / 2018 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

1.11.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Borrowing for the lease of a fleet is planned for the 2017/ 2018 year.

1.11.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (83 per cent) of annual billings. Cash flow is assumed to be 83 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. In practice the collection rate only reach 83% currently.

1.11.5 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the KHM, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.11.6 Salary increases

A 7.36 % salary increase was negotiated nationally according to collective agreement.

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.11.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2017 / 2018 MTREF of which performance has been factored into the cash flow budget.

1.12 OVERVIEW OF BUDGET FUNDING

1.12.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 18 Breakdown of the operating revenue over the medium-term

BEGROTING 2017/18

EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	2							18 277	19 224	20 582
Pension and UIF Contributions								975	1 042	1 112
Medical Aid Contributions								97	103	109
Overtime								80	85	91
Performance Bonus								1 329	1 424	1 520
Motor Vehicle Allowance								500	530	560
Cellphone Allowance								41	41	41
Housing Allowances								163	164	164
Other benefits and allowances								368	392	419
Payments in lieu of leave								90	96	102
Long service awards								30	32	34
Post-retirement benefit obligations								275	294	314
sub-total	4									
	5	-	-	-	-	-	-	22 225	23 428	25 050
Less: Employees costs capitalised to PPE		-	-	-	-	-	-			
Total Employee related costs	1	-	-	-	-	-	-	22 225	23 428	25 050
Contributions recognised - capital										
EEDS Grant Streetlighting										
INEP Housing										
MIG Roads and Stormwater										
MIG Bulk Water										
MIG Sport and Recreation										
MSIG and RBIG Bulk Water										
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment								400	400	400
Lease amortisation										
Capital asset impairment										
Depreciation resulting from revaluation of PPE	10							400	400	400
Total Depreciation & asset impairment	1	-	-	-	-	-	-	400	400	400
Bulk purchases										
Electricity Bulk Purchases								7 990	8 446	8 926
Water Bulk Purchases										
total bulk purchases	1	-	-	-	-	-	-	7 990	8 446	8 926
Transfers and grants										
Cash transfers and grants		-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	-	-	-	-	-	-
Contracted services										
Electricity EIA								50	53	56
Removal of UDS Sanitation								996	1 055	1 117
sub-total	1	-	-	-	-	-	-	1 046	1 108	1 173
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										
Total contracted services		-	-	-	-	-	-	1 046	1 108	1 173
Other Expenditure By Type										
Collection costs										
Contributions to "other" provisions										
Consultant fees								2 013	1 516	753
Audit fees								2 453	2 469	2 487
General expenses	3									
Telephone Expenses								112	119	126
Municipal Consumption								618	661	705
Postage Fees								194	206	217
Legal Fees								416	407	318
Donations								231	211	217
Material Losses								581	615	651
Advertisements								189	200	212
Bank Charges								272	288	305
Chemicals								150	450	550
Commissions paid								235	249	264
Contributed PPE								210		
Loans and Leases Capital Redemption								825	888	958
Fuel								413	287	304
Clothing (Overalls)								119	125	133
FMS Expenses								1 052	1 115	1 181
Stationary								231	245	259
Valuation Roll Expenses								650	1 450	290
Training								125	132	140
Salga Fees								500	500	500
Insurance								280	297	314
Ward Committee Expenses								240	240	240
Other								778	2 584	1 519
Total "Other" Expenditure	1	-	-	-	-	-	-	12 886	15 253	12 642
Repairs and Maintenance										
Employee related costs	8									
Other materials										
Contracted Services										
Other Expenditure								8 979	6 213	6 289
Total Repairs and Maintenance Expenditure	9	-	-	-	-	-	-	8 979	6 213	6 289

The following graph is a breakdown of the operational revenue per main category for the 2017 / 2018 financial year.

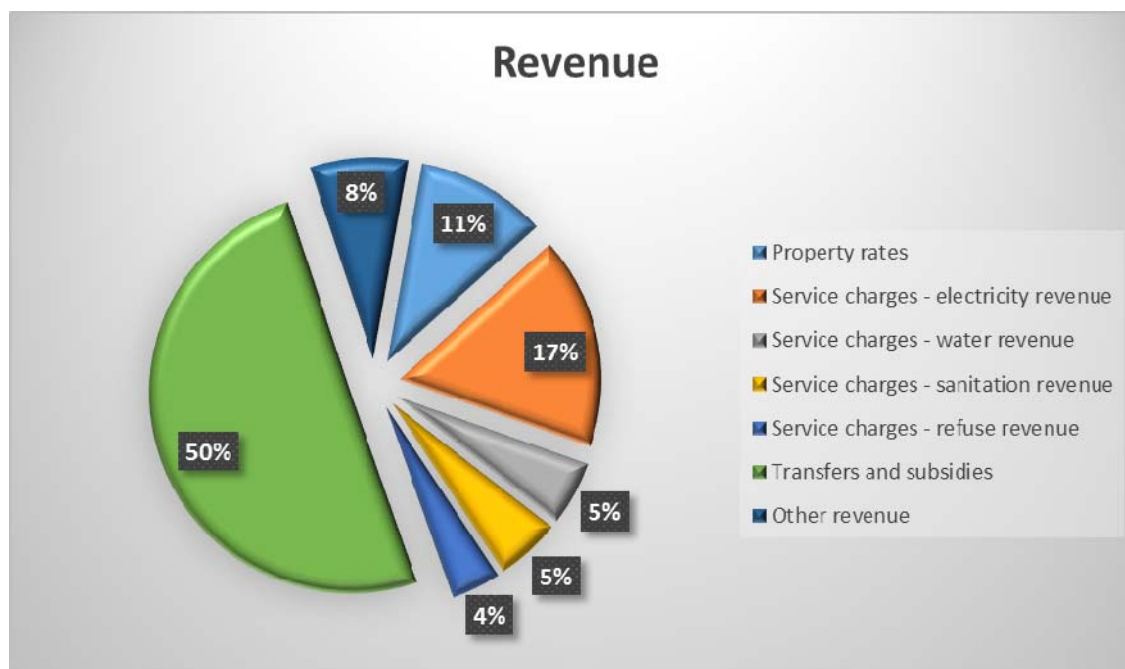


Figure 4 Breakdown of operating revenue over the 2017 / 2018 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The KHM derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the KHM and economic development;
- Revenue management and enhancement;
- Achievement of a 90 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2017 / 2018 MTREF on the different revenue categories are set out in

The tables below provide detail investment information and investment particulars by maturity.

Table 19 MBRR SA15 – Detail Investment Information

No funds are currently invested

Table 20 MBRR SA16 – Investment particulars by maturity

No funds are currently invested

1.12.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 21 Sources of capital revenue over the MTREF

Capital Transfers and Grants										
National Government:	-	-	-	-	-	-	-	8 145	38 340	35 546
Regional Bulk Infrastructure								-	30 000	27 000
Municipal Infrastructure Grant (MIG)								8 145	8 340	8 546
Provincial Government:	-	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:	-	-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:	-	-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	8 145	38 340	35 546

Table 22 MBRR Table SA 17 - Detail of borrowings

NC066 Karoo Hoogland - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)								2 080	1 879	1 667
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	2 080	1 879	1 667
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	2 080	1 879	1 667

Table 23 MBRR Table SA 18 - Capital transfers and grant receipts

NC066 Karoo Hoogland - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	28 098	28 138	29 190
Local Government Equitable Share								18 198	20 222	21 775
Finance Management								1 900	2 155	2 415
Municipal Systems Improvement								-	761	-
Energy Efficiency and Demand Management								2 000	5 000	5 000
Water Services Operating Subsidy								4 000	-	-
Integrated National Electrification Programme								1 000	-	-
EPWP								1 000	-	-
Provincial Government:		-	-	-	-	-	-	1 667	1 977	2 092
Sport and Recreation								1 667	1 977	2 092
EPWP								-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	29 765	30 115	31 282
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	8 145	38 340	35 546
Regional Bulk Infrastructure								-	30 000	27 000
Municipal Infrastructure Grant (MIG)								8 145	8 340	8 546
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	8 145	38 340	35 546
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	37 910	68 455	66 828

1.12.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 24 MBRR Table A7 - Budget cash flow statement

NC066 Karoo Hoogland - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									5 596	5 921	6 264
Service charges									16 879	17 858	18 894
Other revenue									2 293	2 426	2 616
Government - operating	1								29 765	30 115	31 282
Government - capital	1								8 145	38 340	35 546
Interest									1 458	1 543	1 633
Dividends									-	-	-
Payments											
Suppliers and employees									(55 439)	(58 654)	(62 056)
Finance charges									(514)	(544)	(575)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	8 184	37 006	33 604
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables									-	-	-
Decrease (Increase) in non-current investments									-	-	-
Payments											
Capital assets									(8 145)	(38 340)	(35 546)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(8 145)	(38 340)	(35 546)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	39	(1 334)	(1 942)
Cash/cash equivalents at the year begin:	2								1 250	1 289	(45)
Cash/cash equivalents at the year end:	2								1 289	(45)	(1 987)

The above table shows that cash and cash equivalents of the KHM are largely depleted

1.12.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 25 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC066 Karoo Hoogland - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	1 289	(45)	(1 987)
Other current investments > 90 days		-	-	-	-	-	-	-	(39)	1 383	3 419
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	-	-	-	-	-	1 250	1 338	1 432
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	-	-	(6 887)	(7 641)	(9 496)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	-	-	-	-	-	(6 887)	(7 641)	(9 496)
Surplus(shortfall)		-	-	-	-	-	-	-	8 137	8 979	10 928

It can be concluded that the KHM has a deficit against the cash backed and accumulated surpluses reconciliation. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the KHM. As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives. It needs to be noted that for all practical purposes the 2017 / 2018 MTREF is funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2017 / 2018 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. The challenge for the KHM will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

1.12.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 26 MBRR SA10 – Funding compliance measurement

Free Services												
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.5%	15.8%	15.8%	
Free Services as a % of Operating Revenue (excl operational transfers)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	1.7%	1.8%	
High Level Outcome of Funding Compliance												
Total Operating Revenue		-	-	-	-	-	-	-	59 186	61 169	63 991	
Total Operating Expenditure		-	-	-	-	-	-	-	59 091	60 874	60 793	
Surplus/(Deficit) Budgeted Operating Statement		-	-	-	-	-	-	-	95	294	3 198	
Surplus/(Deficit) Considering Reserves and Cash Backing		-	-	-	-	-	-	-	8 137	8 979	10 928	
MTREF Funded (1) / Unfunded (0)	15	1	1	1	1	1	1	1	1	1	1	
MTREF Funded ✓ / Unfunded ✗	15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

1.12.5.1 Cash/cash equivalent position

The KHM's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.12.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.12.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the KHM to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

1.12.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.12.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

1.12.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 83, 85 and 85 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 83 per cent performance target, the cash flow statement has been overstated. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.12.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision is considered to be insufficient.

1.12.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

1.12.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

1.12.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The KHM has budgeted for all transfers.

1.12.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the KHM's policy of settling debtors' accounts within 30 days.

1.12.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the KHM's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

1.12.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

1.13 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 27 MBRR SA19 - Expenditure on transfers and grant programmes

NC066 Karoo Hoogland - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	28 098	28 138	29 190
Local Government Equitable Share								18 198	20 222	21 775
Finance Management								1 900	2 155	2 415
Municipal Systems Improvement								-	761	-
Energy Efficiency and Demand Management								2 000	5 000	5 000
Water Services Operating Subsidy								4 000	-	-
Integrated National Electrification Programme								1 000	-	-
EPWP								1 000	-	-
Provincial Government:		-	-	-	-	-	-	1 667	1 977	2 092
Sport and Recreation								1 667	1 977	2 092
EPWP										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		-	-	-	-	-	-	29 765	30 115	31 282
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	8 145	38 340	35 546
Regional Bulk Infrastructure								-	30 000	27 000
Municipal Infrastructure Grant (MIG)								8 145	8 340	8 546
0										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	8 145	38 340	35 546
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	37 910	68 455	66 828

Table 28 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC066 Karoo Hoogland - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year								28 098	28 138	29 190
Current year receipts								28 098	28 138	29 190
Conditions met - transferred to revenue		-	-	-	-	-	-			
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year								1 667	1 977	2 092
Current year receipts								1 667	1 977	2 092
Conditions met - transferred to revenue		-	-	-	-	-	-			
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	29 765	30 115	31 282
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year								8 145	38 340	35 546
Current year receipts								8 145	38 340	35 546
Conditions met - transferred to revenue		-	-	-	-	-	-			
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	8 145	38 340	35 546
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	37 910	68 455	66 828
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

1.14 COUNCILLOR AND EMPLOYEE BENEFITS

Table 29 MBRR SA22 - Summary of councillor and staff benefits

NC066 Karoo Hoogland - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages								2 200	2 450	2 620
Pension and UIF Contributions										
Medical Aid Contributions								228	244	261
Motor Vehicle Allowance								160	171	183
Cellphone Allowance										
Housing Allowances								25	27	29
Other benefits and allowances										
Sub Total - Councillors		-	-	-	-	-	-	2 613	2 892	3 092
% increase	4		-	-	-	-	-	-	10.7%	6.9%
Senior Managers of the Municipality	2									
Basic Salaries and Wages								3 325	3 574	3 842
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	-	-	-	-	-	3 325	3 574	3 842
% increase	4		-	-	-	-	-	-	7.5%	7.5%
Other Municipal Staff										
Basic Salaries and Wages								15 227	15 943	17 054
Pension and UIF Contributions								975	1 042	1 112
Medical Aid Contributions								97	103	109
Overtime								80	85	91
Performance Bonus								1 329	1 424	1 520
Motor Vehicle Allowance	3							500	530	560
Cellphone Allowance	3							41	41	41
Housing Allowances	3							163	164	164
Other benefits and allowances	3							368	392	419
Payments in lieu of leave								90	96	102
Long service awards								30	32	34
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		-	-	-	-	-	-	18 900	19 853	21 207
% increase	4		-	-	-	-	-	-	5.0%	6.8%
Total Parent Municipality		-	-	-	-	-	-	24 838	26 319	28 142
			-	-	-	-	-	-	6.0%	6.9%

Table 30 MBRR SA24 – Summary of personnel numbers

NC066 Karoo Hoogland - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)								7	7	–
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3							3	1	2
Other Managers	7									
Professionals		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		–	–	–	–	–	–	5	5	–
Finance								5	5	
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)								12	12	–
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators								5	5	–
Elementary Occupations								58	58	–
TOTAL PERSONNEL NUMBERS	9	–	–	–	–	–	–	90	88	2
% Increase					–	–	–	–	–	–
Total municipal employees headcount	6, 10							90	88	2
Finance personnel headcount	8, 10							18	17	1
Human Resources personnel headcount	8, 10							2	2	–

1.15 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 31 MBRR SA25 - Budgeted monthly revenue and expenditure

BEGROTING 2017/18

NC066 Karoo Hoogland - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue By Source																
Property rates		520	520	520	520	520	520	520	520	520	520	520	520	6 238	6 587	6 949
Service charges - electricity revenue		842	842	842	842	842	842	842	842	842	842	842	842	10 109	10 683	11 288
Service charges - water revenue		255	255	255	255	255	255	255	255	255	255	255	255	3 055	3 215	3 380
Service charges - sanitation revenue		256	256	256	256	256	256	256	256	256	256	256	256	3 070	3 235	3 350
Service charges - refuse revenue		193	193	193	193	193	193	193	193	193	193	193	193	2 313	2 435	2 564
Service charges - other		1	1	1	1	1	1	1	1	1	1	1	1	9	10	10
Rental of facilities and equipment		60	60	60	60	60	60	60	60	60	60	60	60	725	1 011	1 070
Interest earned - external investments		25	25	25	25	25	25	25	25	25	25	25	25	300	318	336
Interest earned - outstanding debtors		129	129	129	129	129	129	129	129	129	129	129	129	1 545	1 636	1 731
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		2 480	2 480	2 480	2 480	2 480	2 480	2 480	2 480	2 480	2 480	2 480	2 480	29 765	30 115	31 282
Other revenue		171	171	171	171	171	171	171	171	171	171	171	171	2 052	1 919	2 024
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		4 932	4 932	4 932	4 932	4 932	4 932	4 932	4 932	4 932	4 932	4 932	4 932	59 186	61 169	63 991
Expenditure By Type																
Employee related costs		1 852	1 852	1 852	1 852	1 852	1 852	1 852	1 852	1 852	1 852	1 852	1 852	22 225	23 428	25 050
Remuneration of councillors		218	218	218	218	218	218	218	218	218	218	218	218	2 613	2 892	3 092
Debt impairment		203	203	203	203	203	203	203	203	203	203	203	203	2 438	2 686	2 840
Depreciation & asset impairment		33	33	33	33	33	33	33	33	33	33	33	33	400	400	400
Finance charges		43	43	43	43	43	43	43	43	43	43	43	43	514	451	380
Bulk purchases		666	666	666	666	666	666	666	666	666	666	666	666	7 990	8 446	8 926
Other materials		748	748	748	748	748	748	748	748	748	748	748	748	8 979	6 213	6 289
Contracted services		87	87	87	87	87	87	87	87	87	87	87	87	1 046	1 108	1 173
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	12 886	15 253	12 642
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	59 091	60 874	60 793
Surplus/(Deficit)																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		8	8	8	8	8	8	8	8	8	8	8	8	95	294	3 198
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		679	679	679	679	679	679	679	679	679	679	679	679	8 145	38 340	35 546
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		687	687	687	687	687	687	687	687	687	687	687	687	8 240	38 634	38 744
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	687	687	687	687	687	687	687	687	687	687	687	687	8 240	38 634	38 744

Table 32 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC066 Karoo Hoogland - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description		Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July		August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Revenue by Vote																	
Council			153	153	153	153	153	153	153	153	153	153	153	1 831	2 034	2 189	
Finance			309	309	309	309	309	309	309	309	309	309	309	3 712	4 832	4 442	
Rates			702	702	702	702	702	702	702	702	702	702	702	8 420	8 993	9 533	
Municipal Manager			11	11	11	11	11	11	11	11	11	11	11	133	140	148	
Refuse			603	603	603	603	603	603	603	603	603	603	603	7 240	7 890	8 431	
Libraries			140	140	140	140	140	140	140	140	140	140	140	1 676	1 987	2 102	
Commonage			83	83	83	83	83	83	83	83	83	83	83	992	1 043	1 099	
Townhall & Buildings			1	1	1	1	1	1	1	1	1	1	1	12	13	14	
Cemeteries			1	1	1	1	1	1	1	1	1	1	1	9	10	10	
Parks trees and recreation			102	102	102	102	102	102	102	102	102	102	102	1 228	1 257	1 258	
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Streets and Public Works			162	162	162	162	162	162	162	162	162	162	162	1 942	3 000	3 000	
Electricity			1 255	1 255	1 255	1 255	1 255	1 255	1 255	1 255	1 255	1 255	1 255	15 062	17 847	18 615	
Water			1 424	1 424	1 424	1 424	1 424	1 424	1 424	1 424	1 424	1 424	1 424	17 092	41 789	39 497	
Sanitation			665	665	665	665	665	665	665	665	665	665	665	7 981	8 674	9 199	
Total Revenue by Vote			5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	67 331	99 509	99 537	
Expenditure by Vote to be appropriated																	
Council			342	342	342	342	342	342	342	342	342	342	342	4 105	4 396	4 636	
Finance			1 147	1 147	1 147	1 147	1 147	1 147	1 147	1 147	1 147	1 147	1 147	13 768	14 639	13 757	
Rates			108	108	108	108	108	108	108	108	108	108	108	1 301	2 140	1 020	
Municipal Manager			544	544	544	544	544	544	544	544	544	544	544	6 523	6 748	7 151	
Refuse			195	195	195	195	195	195	195	195	195	195	195	2 337	2 334	2 480	
Libraries			139	139	139	139	139	139	139	139	139	139	139	1 669	1 977	2 090	
Commonage			104	104	104	104	104	104	104	104	104	104	104	1 244	2 124	1 849	
Townhall & Buildings			13	13	13	13	13	13	13	13	13	13	13	152	125	138	
Cemeteries			0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Parks trees and recreation			88	88	88	88	88	88	88	88	88	88	88	1 057	1 126	1 200	
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Streets and Public Works			296	296	296	296	296	296	296	296	296	296	296	3 549	2 590	2 753	
Electricity			1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	13 596	16 294	16 925	
Water			481	481	481	481	481	481	481	481	481	481	481	5 766	2 165	2 369	
Sanitation			335	335	335	335	335	335	335	335	335	335	335	4 023	4 217	4 425	
Total Expenditure by Vote			4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	59 091	60 874	60 793	
Surplus/(Deficit) before assoc.			687	687	687	687	687	687	687	687	687	687	687	8 240	38 634	38 744	
Taxation														-	-	-	
Attributable to minorities														-	-	-	
Share of surplus/ (deficit) of associate														-	-	-	
Surplus/(Deficit)	1		687	687	687	687	687	687	687	687	687	687	687	8 240	38 634	38 744	

Table 33 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

BEGROTING 2017/18

NC066 Karoo Hoogland - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
<i>Governance and administration</i>		1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	15 088	17 043	17 411
Executive and council		865	865	865	865	865	865	865	865	865	865	865	865	10 384	11 167	11 871
Finance and administration		392	392	392	392	392	392	392	392	392	392	392	392	4 704	5 875	5 541
Internal audit																
<i>Community and public safety</i>		244	244	244	244	244	244	244	244	244	244	244	244	2 925	3 266	3 384
Community and social services		141	141	141	141	141	141	141	141	141	141	141	141	1 697	2 009	2 126
Sport and recreation		102	102	102	102	102	102	102	102	102	102	102	102	1 228	1 257	1 258
Public safety																
Housing																
Health																
<i>Economic and environmental services</i>		162	162	162	162	162	162	162	162	162	162	162	162	1 942	3 000	3 000
Planning and development																
Road transport		162	162	162	162	162	162	162	162	162	162	162	162	1 942	3 000	3 000
Environmental protection																
<i>Trading services</i>		3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	47 376	76 200	75 742
Energy sources		1 255	1 255	1 255	1 255	1 255	1 255	1 255	1 255	1 255	1 255	1 255	1 255	15 062	17 847	18 615
Water management		1 424	1 424	1 424	1 424	1 424	1 424	1 424	1 424	1 424	1 424	1 424	1 424	17 092	41 789	39 497
Waste water management		665	665	665	665	665	665	665	665	665	665	665	665	7 981	8 674	9 199
Waste management		603	603	603	603	603	603	603	603	603	603	603	603	7 240	7 890	8 431
<i>Other</i>																
Total Revenue - Functional		5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	67 331	99 509	99 537
Expenditure - Functional																
<i>Governance and administration</i>		2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	26 941	30 047	28 413
Executive and council		994	994	994	994	994	994	994	994	994	994	994	994	11 929	13 284	12 807
Finance and administration		1 233	1 233	1 233	1 233	1 233	1 233	1 233	1 233	1 233	1 233	1 233	1 233	14 790	16 529	15 359
Internal audit		18	18	18	18	18	18	18	18	18	18	18	18	221	234	247
<i>Community and public safety</i>		240	240	240	240	240	240	240	240	240	240	240	240	2 879	3 229	3 429
Community and social services		152	152	152	152	152	152	152	152	152	152	152	152	1 821	2 103	2 229
Sport and recreation		88	88	88	88	88	88	88	88	88	88	88	88	1 057	1 126	1 200
Public safety																
Housing																
Health																
<i>Economic and environmental services</i>		212	212	212	212	212	212	212	212	212	212	212	212	2 549	2 590	2 753
Planning and development																
Road transport		212	212	212	212	212	212	212	212	212	212	212	212	2 549	2 590	2 753
Environmental protection																
<i>Trading services</i>		2 227	2 227	2 227	2 227	2 227	2 227	2 227	2 227	2 227	2 227	2 227	2 227	26 722	25 009	26 198
Energy sources		1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	14 596	16 294	16 925
Water management		481	481	481	481	481	481	481	481	481	481	481	481	5 766	2 165	2 369
Waste water management		335	335	335	335	335	335	335	335	335	335	335	335	4 025	4 217	4 425
Waste management		195	195	195	195	195	195	195	195	195	195	195	195	2 337	2 334	2 480
<i>Other</i>																
Total Expenditure - Functional		4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	4 924	59 091	60 874	60 793

Table 34 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC066 Karoo Hoogland - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure to be appropriated	1															
Council													-	-	-	-
Finance													-	-	-	-
Rates													-	-	-	-
Municipal Manager													-	-	-	-
Refuse													-	-	-	-
Libraries													-	-	-	-
Commonage													-	-	-	-
Townhall & Buildings													-	-	-	-
Cemeteries													-	-	-	-
Parks trees and recreation													-	-	-	-
Health													-	-	-	-
Streets and Public Works													-	-	-	-
Electricity													-	-	-	-
Water													-	-	-	-
Sanitation													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Council													-	-	-	-
Finance													-	-	-	-
Rates													-	-	-	-
Municipal Manager													-	-	-	-
Refuse													-	-	-	-
Libraries													-	-	-	-
Commonage													-	-	-	-
Townhall & Buildings													-	-	-	-
Cemeteries													-	-	-	-
Parks trees and recreation		102	102	102	102	102	102	102	102	102	102	102	102	1 225	1 254	1 254
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets and Public Works		78	78	78	78	78	78	78	78	78	78	78	78	942	3 000	3 000
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		498	498	498	498	498	498	498	498	498	498	498	498	5 978	34 086	31 292
Sanitation													-	-	-	-
Capital single-year expenditure sub-total	2	679	679	679	679	679	679	679	679	679	679	679	679	8 145	38 340	35 546
Total Capital Expenditure	2	679	679	679	679	679	679	679	679	679	679	679	679	8 145	38 340	35 546

Table 35 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC066 Karoo Hoogland - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council														-	-	-
Finance and administration														-	-	-
Internal audit														-	-	-
<i>Community and public safety</i>		102	102	102	102	102	102	102	102	102	102	102	102	1 225	1 254	1 254
Community and social services														-	-	-
Sport and recreation		102	102	102	102	102	102	102	102	102	102	102	102	1 225	1 254	1 254
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		78	78	78	78	78	78	78	78	78	78	78	78	942	3 000	3 000
Planning and development														-	-	-
Road transport		78	78	78	78	78	78	78	78	78	78	78	78	942	3 000	3 000
Environmental protection														-	-	-
<i>Trading services</i>		498	498	498	498	498	498	498	498	498	498	498	498	5 978	34 086	31 292
Energy sources														-	-	-
Water management		498	498	498	498	498	498	498	498	498	498	498	498	5 978	34 086	31 292
Waste water management														-	-	-
Waste management														-	-	-
<i>Other</i>														-	-	-
Total Capital Expenditure - Functional	2	679	679	679	679	679	679	679	679	679	679	679	679	8 145	38 340	35 546
Funded by:																
National Government		679	679	679	679	679	679	679	679	679	679	679	679	8 145	8 340	8 546
Provincial Government														-	30 000	27 000
District Municipality														-	-	-
Other transfers and grants														-	-	-
Transfers recognised - capital		679	679	679	679	679	679	679	679	679	679	679	679	8 145	38 340	35 546
Public contributions & donations														-	-	-
Borrowing														-	-	-
Internally generated funds														-	-	-
Total Capital Funding		679	679	679	679	679	679	679	679	679	679	679	679	8 145	38 340	35 546

Table 36 MBRR SA30 - Budgeted monthly cash flow

BEGROTING 2017/18

NC066 Karoo Hoogland - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source													1		
Property rates	466	466	466	466	466	466	466	466	466	466	466	466	5 596	5 921	6 264
Service charges - electricity revenue	818	818	818	818	818	818	818	818	818	818	818	818	9 811	10 380	10 982
Service charges - water revenue	228	228	228	228	228	228	228	228	228	228	228	228	2 741	2 900	3 068
Service charges - sanitation revenue	209	209	209	209	209	209	209	209	209	209	209	209	2 512	2 658	2 812
Service charges - refuse revenue	151	151	151	151	151	151	151	151	151	151	151	151	1 806	1 911	2 022
Service charges - other	1	1	1	1	1	1	1	1	1	1	1	1	9	10	10
Rental of facilities and equipment	45	45	45	45	45	45	45	45	45	45	45	45	544	575	608
Interest earned - external investments	25	25	25	25	25	25	25	25	25	25	25	25	300	318	336
Interest earned - outstanding debtors	97	97	97	97	97	97	97	97	97	97	97	97	1 159	1 226	1 297
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	2 480	2 480	2 480	2 480	2 480	2 480	2 480	2 480	2 480	2 480	2 480	2 480	29 765	30 115	31 282
Other revenue	145	145	145	145	145	145	145	145	145	145	145	145	1 744	1 845	2 002
Cash Receipts by Source	4 666	4 666	4 666	4 666	4 666	4 666	4 666	4 666	4 666	4 666	4 666	4 666	55 992	57 863	60 690
Other Cash Flows by Source															
Transfer receipts - capital	679	679	679	679	679	679	679	679	679	679	679	679	8 145	38 340	35 546
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)													-		
Proceeds on disposal of PPE													-		
Short term loans													-		
Borrowing long term/refinancing													-		
Increase (decrease) in consumer deposits													-		
Decrease (Increase) in non-current debtors													-		
Decrease (increase) other non-current receivables													-		
Decrease (increase) in non-current investments													-		
Total Cash Receipts by Source	5 345	5 345	5 345	5 345	5 345	5 345	5 345	5 345	5 345	5 345	5 345	5 345	64 137	96 203	96 236
Cash Payments by Type															
Employee related costs	1 852	1 852	1 852	1 852	1 852	1 852	1 852	1 852	1 852	1 852	1 852	1 852	22 225	23 514	24 878
Remuneration of councillors	218	218	218	218	218	218	218	218	218	218	218	218	2 613	2 765	2 925
Finance charges	43	43	43	43	43	43	43	43	43	43	43	43	514	544	575
Bulk purchases - Electricity	641	641	641	641	641	641	641	641	641	641	641	641	7 690	8 136	8 608
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	748	748	748	748	748	748	748	748	748	748	748	748	8 979	9 499	10 050
Contracted services	87	87	87	87	87	87	87	87	87	87	87	87	1 046	1 107	1 171
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	12 886	13 633	14 424
Cash Payments by Type	4 663	4 663	4 663	4 663	4 663	4 663	4 663	4 663	4 663	4 663	4 663	4 663	55 953	59 198	62 631
Other Cash Flows/Payments by Type															
Capital assets	679	679	679	679	679	679	679	679	679	679	679	679	8 145	38 340	35 546
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	5 341	5 341	5 341	5 341	5 341	5 341	5 341	5 341	5 341	5 341	5 341	5 341	64 098	97 538	98 177
NET INCREASE/(DECREASE) IN CASH HELD	3	3	3	3	3	3	3	3	3	3	3	3	39	(1 334)	(1 942)
Cash/cash equivalents at the month/year begin:	1 250	1 253	1 257	1 260	1 263	1 267	1 270	1 273	1 276	1 280	1 283	1 286	1 250	1 289	(45)
Cash/cash equivalents at the month/year end:	1 253	1 257	1 260	1 263	1 267	1 270	1 273	1 276	1 280	1 283	1 286	1 289	1 289	(45)	(1 987)

1.16 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

1.17 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the KHM's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.18 CAPITAL EXPENDITURE DETAILS

The following three tables present details of the KHM's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 37 MBRR SA 34a - Capital expenditure on new assets by asset

All capital projects relates to new assets

Table 38 MBRR SA37 - Projects delayed from previous financial year

All projects are multi year projects and no delays were experienced.

1.19 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis although sometimes late. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme
The KHM is participating in the Municipal Financial Management Internship programme and has employed two interns undergoing training in various divisions of the Financial Services Department. Only two interns have been employed. The municipality did however re advertised for the positions of another three interns
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
Currently there is an audit committee in place. The Municipality is currently making use of a shared service with Hantam Local Municipality.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017 / 2018 MTREF in May 2017 directly aligned and informed by the 2017 / 2018 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
No training has been done on MFMA due to limited resources.
8. Policies
The Municipality is constantly developing new policies as the need arises. All budget related policies are in place and all policies is reviewed once a year and submitted to Council for approval.

1.20 OTHER SUPPORTING DOCUMENTS

Table 39 MBRR SA32 – List of external mechanisms

NC066 Karoo Hoogland - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
EDK	Yrs	3	Copiers	30 June 2018	404
Sebata	Yrs	1	Financial Management System	31 March 2018	551
Mass Insurance	Yrs	1	Insurance	30 June 2018	325
Nashua	Yrs	5	Copiers	30 June 2018	59

The Municipality do have the contracts from service providers for the rental of copiers, for the supply of the Financial Management System and for insurance.

1.21 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, municipal manager of Karoo Hoogland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Karoo Hoogland Municipality (NC066)

Signature _____

Date 26 May 2017